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ABSTRACT

This report is a brief summary of the history of Federal Day Care provisions through the sixties and an analysis of the child care legislation pending in Congress during 1971. The 92nd Congress, in attempts to answer the growing demands for Federally-sponsored child care, introduced four separate bills dealing with child care financing: HR. 1 (Social Security Amendments of 1971), S. 2003 (Child Care Services Act of 1971), S. 2007 (Economic Opportunity Amendments of 1971), and the H.R. 10351 (Comprehensive Child Development Act). Materials outlining the major points and significant differences in H.R. 1 and S. 2003 appear in Appendix B, and key differences between H.R. 10351 and S. 2007 are outlined in Appendix C. The report highlights areas of agreement in the bills, and indicates specific measures where compromise is needed. (CS)

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THE HISTORY AND CURRENT STATUS OF FEDERAL LEGISLATION PERTAINING TO DAY CARE PROGRAMS

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SUMMARY

Chronology of Federal Day Care Legislation

(Operating Programs)

1935 -Social Security Act
Allocated a one million dollar grant to the States for child welfare services.

1941 -Lanham Act
Federal funds were made available to the States to provide day care for the children of mothers working in war-time industries. This Act terminated in 1945.

1953 -Small Business Act
Provides loans to small business, including profit-making day care centers (nonprofit centers cannot participate). However, the Act was not utilized by day care centers until 1965.

1962 -Migrant Health Act
Provided for health services for migrant children in day care centers.

-Social Security Act
Amendments specifically earmarked for the first time Federal funds for child welfare to be used for the provision of child care for working mothers.

1964 -Economic Opportunity Act
Title II-B authorized "Project Headstart".

Title III-B authorized day care for children of migrants and seasonal farm workers.

Title V-A authorized funds to pay for day care of children whose parents or others responsible for their care were enrolled in the Work Experience and Training Program.

1965 -Elementary and Secondary Education Act
Title I finances projects designed to meet the special needs of educationally deprived children and provides for pre-kindergarten programs

Title III authorizes supplementary centers and services for preschool children.

1965 -Housing and Urban Development Act
Title VII-Neighborhood Facilities Grants Program provided

funds for the development of community centers which may house day care facilities.

Title VII-Indoor Community Facilities Program provided loans for the construction of community facilities in low-rent public housing projects; day care centers may be included.

1966 -Demonstration Cities and Metropolitan Development Act
Title I-Model Cities Program authorized a program of financial assistance to help cities plan, administer, and carry out coordinated physical and social programs to improve the environment and the general welfare of people living in slum and blighted areas. Day care projects are included in many of these programs.

-Child Nutrition Act
Authorized funds for milk programs in all public and non-profit private child care centers.

1967 -Amendments to the Economic Opportunity Act
Title I-B authorized a New Careers Program to train adults as day care aides, and provided day care services under Federal working and training programs.

Title II-B authorized Follow Through program and provided for parent and child centers.

Title V-B provided for a new day care program designed to enable parents to undertake education, training, or employment.

-Social Security Act Amendments
Title IV-A - Aid to Families with Dependent Children (AFDC) enabled state welfare departments to provide day care benefits to every AFDC family and extended eligibility to poverty-level families judged as "past and potential" welfare recipients but not participating in the Work Incentive Program (WIN).

Title IV-A - Work Incentive Program (WIN) required the referral of all appropriate AFDC recipients to work and training programs. The law provided that child care services must be provided for the children affected by the referral of mothers to the WIN program.

Title IV-B - Grants-in-aid to state public welfare agencies for child welfare services which may include, but are not limited to, day care services.

1968 -National School Lunch Act Amendments
Provided for extending the school lunch program to children in public or nonprofit child care institutions.

1968 -Economic Opportunity Act Amendment
Title II provided grants for the planning and development of parent and child centers for disadvantaged families with at least one child under three years of age.

1969 -Food and Agricultural Act
Preschool children have benefited from the free commodities distribution program to nonprofit charitable institutions.

1970 -No major Federal day care bills were enacted but Federal day care involvement continued under the authorization of previous legislative enactments.

Pending Legislation

1971 -H.R. 1: Child Care Services in the Social Security Amendments of 1971.
Provides child care project grants for those welfare recipients deemed "employable", project grants for new programs of child care planning, program development, and new facility construction and social services-related child care administered by states under Title IV of the Social Security Act. Includes proposal to provide funds for planning and initial operating costs of comprehensive child care.

-S. 2003: Child Care Services Act of 1971.
Amends the Social Security Act. Major provision to establish an independent corporation headed by a President-appointed Board. The corporation would utilize funds from a U.S. Treasury loan, bond issue and child care fees to make loans establishing child care programs and facilities.

-S. 2007: Child Development Program in Economic Opportunity Amendments of 1971.

Repeals Head Start program effective June 30, 1972, and begins comprehensive child development program with free services for families with income less than $6,960. Would be administered by grant contracts or loans to prime sponsors for planning, developing, and operating programs.

-H.R. 10351: Comprehensive Child Development Act.
Repeals Head Start program. Authorizes comprehensive child development program with free services for families with income less that $4,320, and is administered by prime sponsors. Includes new program of loan guarantees for child care facilities, in addition to planning, development (including construction) and program operation grants.

Highlights of

Federal Day Care Provisions Through the 60's

Historically, federal assistance for child care has been associated with child welfare programs, the first of which was provided for in a nominal way in the original enactment of the Social Security Act of 1935. From this early association with social welfare, child care or day care for children continued to be characterized until the mid 60's primarily as a care and protective service, for children from families with pervasive social or economic problems. In the Public Welfare Amendments of 1962, funds were specifically earmarked for the provision of care for children of working mothers on welfare. (However, few if any funds were paid out as a result of the child welfare enactment). The 1967 Social Security Amendments continued to associate child care with social welfare but with a new target. Not only were the children of working mothers to continue to be provided for, but children whose mothers participated in the new Federal work training program (the Work Incentive Program) were also to receive paid care while their mothers were out of the home. In 1964, the establishment of the Head Start program under the Economic Opportunity Act saw a broadening of the concept of day care to include the provision not only of health and protective care but educational and other programs aimed at the all-round development of the child. Families believed to need help in raising their children were still the primary recipients, however, with the law requiring that ninety percent of Head Start enrollees come from poor families.*

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*For additional information about the provisions of the Social Security Act and the Economic Opportunity Act, see [redacted] Appendix A.

Through the early 70's Federal appropriations for day care assistance followed the aims described above, with the idea of day care gradually evolving into support for more comprehensive child care. A summary of the planned FY '72/expenditures for child care under Title IV of the Social Security Act and three Titles of the Economic Opportunity Act appears in Table I.

Table I

TOTAL ESTIMATED FEDERAL EXPENDITURES AND NUMBER OF CHILDREN IN CHILD CARE (FY 1972)*

(INCLUDES PART DAY AND SUMMER)

	Expenditures	Number of Children
Title IV-A, Social Security Act, (AFDC - Social Services)	$298,787,000	291,972
Title IV-A, Social Security Act, (AFDC - Income Disregard)	$136,000,000	342,000
Title IV-A, Social Security Act, (WIN)	$78,000,000	200,000
Title IV-B, Social Security Act, (Child Welfare Services)	$1,900,000	20,000
Title I, Economic Opportunity Act, (Concentrated Employment Program)	$7,500,000	9,500
Title II-B, Economic Opportunity Act, (Project Head Start)	$376,500,000	479,400
Title III-B, Economic Opportunity Act, (Migrant and Seasonal Farmworkers)	$1,000,000	2,000

* From Legislative Liaison, Office of Child Development

Child Care Legislation Now Pending in Congress

In 1971, the 92nd Congress in attempts to answer growing demands for Federally-sponsored child care has under consideration four separate bills dealing with child care financing which if passed would become effective in FY '73. Consideration of some of these bills was introduced into the Congress as early as 1969. The bills are as follows.

1) H.R. 1 - Social Security Amendments of 1971 (sponsored by the Administration)

2) S. 2003 - Child Care Services Act of 1971 (sponsored by Senator Russell Long)

3) S. 2007 - Economic Opportunity Amendments of 1971 (formerly S. 1512, sponsored by Senator Walter F. Mondale)

4) H.R. 10351 - Comprehensive Child Development Act (formerly H.R.6748, sponsored by Congressman John Brademas)

These bills would largely replace the current legislation pertaining to child care - both that of Title IV of the Social Security Act which established AFDC and WIN and that part of the Economic Opportunity Act authorizing Head Start and other child care programs.

The child care provisions of the Administration's welfare reform bill (H.R. 1), first submitted to Congress in October 1969, subsequently revised and now under consideration in Congress as the Social Security Amendments of 1971, continue the trend to a broader concept of day care application (see Appendix D). The bases both for the kinds of families eligible to be recipients and the type of care to be provided have expanded in a significant way. This is implied in the last two of the four major objectives of the child care provisions of H.R. 1.

1. It must have as its major goal expansion of the availability of good child care services for pre-school and school-age children.

2. It must improve the quality of child care services that are inadequate today.
3. It must offer a variety of kinds of child care services so that parents may have a real choice in selecting the type of services they want.
4. It must help working mothers above the poverty level as well as mothers eligible for welfare assistance.

H.R. 1 contains Department of Labor administered child care project grants for welfare recipients deemed "employable"; Department of Health, Education, and Welfare project grants for new programs of child care planning, program development, and new facility construction; and social services-related child care administered by states under Title IV of the Social Security Act. $750 million are to be available for child care programs in addition to state administered Title IV social services-related child care, which remains an open-ended appropriation. Additionally, the Administration's child development proposal is intended to complement H.R. 1 child care provisions with funding primarily for planning, establishing and initial operating costs. The primary source of operating costs for projects would be from child care purchased under H.R. 1. States would be the prime sponsor in all cases except Indian reservations or cities over 500,000 which choose to designate themselves. Parent-community advisory councils are to be established. A Federal minimum uniform code for child care facilities (not to preempt state and local standards) and revised Federal interagency day care requirements are to be set by the Secretary of DHEW.

The Child Care Services Act of 1971 (S. 2003) would amend the Social

Security Act and provide for the establishment of a new national mechanism - a Federal Child Care Corporation. FCCC would deliver, through contracts with project operators, programs which are financed under other Acts, but particularly under H.R. 1 and existing Title IV-A provisions. Construction would also be financed under this bill, which provides for a sliding fee scale based on income. Fees for most low-income participants would be borne by the government under other Acts, such as Title IV-A.

Materials outlining the major points and significant differences in H.R. 1 and S. 2003 appear in Appendix E. The summary following of the Administration's position on the establishment of a Federal Child Care Corporation illustrates different views on delivery systems.

> An independent public corporation would not be in the best position to draw upon the many services, now funded or operated by the Federal and State governments, which are needed to administer a quality child-care program designed to serve the total child. As I have stated, maximum effectiveness in responding to the needs of children requires the unified organization of these services. An effort by a corporation to develop all of the necessary resources would only duplicate much of the work now being done by HEW and by State and local governments. This would entail, in my opinion, an enormous waste of time, talent, and money.
>
> An additional problem with the proposed Federal Child Care Corporation is that it would discourage State and local governments from undertaking a meaningful role in creating and operating child care programs. It is this Administration's goal to revitalize the various levels of government, not to discourage them from participating in an area such as services delivery, which is best handled at the State and local levels. Moreover, a corporation operating child care programs as a quasi-public entity would not be accountable to the elected officials of a city or State, and would not readily permit active involvement in policy formation by the parents of children served in projects.
>
> The wiser choice, in my judgment, would be to consolidate existing programs, drawing upon the experience and expertise we have already gained. Using this as a foundation, we could then build an integrated system capable of providing

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quality child care services to families in need of them.[1]

H.R. 1, the reform bill supported by the Administration, was passed in the House of Representatives on June 22. It now resides in the Senate Finance Committee which is chaired by Senator Long, the sponsor of the competing bill, S. 2003. Informed opinion suggests that in case of a delay present Social Security legislation will be extended in this session of Congress, thus providing time for a compromise to be worked out around the major differences in the two bills.

To continue, the Mondale bill (now S. 2007) and the Brademas bill (now H.R. 10351) are both specifically aimed at making available comprehensive child development programs to low-income families. Both would repeal and at the same time expand the Head Start program with new legislation authorizing broader programs. These bills are not planned to amend Social Security legislation as are H.R. 1 and the Long bill.

The Economic Opportunity Amendments (S. 2007) would repeal Head Start, effective June 30, 1972, and begin comprehensive child development programs with free services for families with income less than $6,960. It would be administered by grant contracts or loans to prime sponsors for planning, developing, and operating programs.

The Comprehensive Child Development Act (H.R. 10351) would repeal the Head Start program and authorize comprehensive child development programs with free services administered by prime sponsors for families with income less than $4320 (as passed by the House, September 30). The secretary of HEW

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[1] Statement of the Honorable Elliot L. Richardson, Secretary of Health, Education, and Welfare before the Senate Committee on Finance. September 22, 1971. p. 16.

would establish Federal uniform minimum codes for child care facilities and Federal child development services standards. The coverage includes new programs of loan guarantees for child care facilities, in addition to planning, development (including construction) and program operation grants.

These two bills have been passed in the respective Houses of Congress and are now being considered in a joint Conference Committee selected to resolve the differences between the two bills. A compromise is expected to be reached in time to authorize FY '73 funding. Key areas to be resolved focus on authorization, eligibility for free services, Head Start sponsor protection, project policy committees, prime sponsor eligibility, child advocacy projects and standards. (See Appendix C for details.)

Similarities between the two bills include the following:

-A broad range of preschool, early primary (including follow-through), and day care programs, developmental in nature, with food, health, social and educational components.

-Priority attention to the needs of the economically disadvantaged.

-Programs designed to meet the special needs of minority groups, Indians, and migrant children with emphasis on development of skills in English and another language spoken at home.

- Medical, psychological, educational, and other diagnosis and treatment of barriers to full participation in child development programs.

-Special programs for handicapped children.

-Office of Child Development designated to administer the program.

Thus has the concept of day care changed from a social service to families unable to provide adequate care and protection for their children to a program with the far broader goals of providing the educational, social and health services necessary to promote the overall growth and development

of the child. Comprehensive child care is an essential feature of all four bills pending in Congress. Further, families receiving child care services no longer need to be welfare recipients. Services may also be available at no cost to low-income families and on a sliding-fee basis to others. In a few months, it is expected this new approach to day care will have been enacted into law.

Appendix A

Authorization of Major Federal Assistance for Child Care in the 60's

Boyer, Susan. "The Day-Care Jungle." Saturday Review (Feb. 20, 1971), pp. 50-51.

Appendix B

Major Provisions of H.R. 1 and S. 2003

Committee on Finance. U.S. Senate. Material Related to Child Care Legislation. 23 July, 1971. U.S. Government Printing Office, Washington, D.C.: 1971, pp. 18-23

Chart 9.—Provisions of S. 2003, Child Care Services Act of 1971

Increase in the Tax Deduction for Child Care.—Under present law, a woman taxpayer is eligible for a tax deduction for child care expenses if the child care is necessary in order for her to work. The deduction is limited to $600 if the woman has one child and to $900 if she has two or more children. If a woman is married and if the family income exceeds $6,000, the limitation on the deduction is reduced $1 for each dollar family income exceeds $6,000. S. 2003 would increase the limit on the deduction from $600 to $1,000 in the case of one child, and from $900 to $1,500 if there is more than one child. The limitation on family income would be increased from $6,000 to $10,000, with the deduction reduced 50 cents (rather than one dollar).

Increase in Federal Matching for Child Care Services.—Under present law, the Federal Government pays 75 percent of the cost of child care provided the children of working mothers receive public assistance. S. 2003 would increase the requirement that States put up 25 percent of the cost has been cited as a major obstacle in the utilization of the provisions in the Social Security Act to expand child care. Senator Long's bill would remove this obstacle by increasing the Federal share from 75 percent to 100 percent if the welfare agency utilizes the services of the Federal Child Care Corporation established under the bill.

Subsidizing Child Care for Women in Low income Families.—Under Social Security Act today, a State may pay part or all of the cost of child services, with 75% Federal matching, for low income working women who are likely to become dependent on welfare if they do not receive child care services. Unfortunately, few States have provided child care to such mothers. The Child Care Services Act would authorize appropriations for 100% of the cost of subsidizing a portion of child care costs for children in low income families not receiving welfare where such services are necessary to enable the mother to work. The percentage of costs subsidized in each individual case would depend on the funds appropriated, with the Secretary of Health, Education, and Welfare authorized to set up a schedule of subsidy percentages based on family income and the funds available.

Establishment of Federal Child Care Corporation.—The major portion of the Child Care Services Act of 1971 would establish a new Federal Child Care Corporation whose basic goal would be to arrange for making child care services available throughout the nation to the extent they are needed. The operations of the corporation are described more fully in the next chart.

CHART 9

Provisions of S. 2003, Child Care Services Act of 1971

Tax deduction for child care

- Increases limit on tax deduction for child care costs from $600 to $1,000 for one child, $900 to $1,500 for two or more children
- Increases limit on income of families that may take the deduction from $6,000 to $12,000

Child care for low-income working mothe

- Increases from 75% to 100% Federal sha of child care costs for welfare recipients
- Establishes program of partial subsidy child care costs for low-income working mothers not on welfare

Expanding availability of child care

- Creates Federal Child Care Corporation with goal of broad expansion of availability of child care for preschool and school-age children

Chart 10.—Federal Child Care Corporation

The Federal Child Care Corporation created by S. 2003 would have as its top priority providing services to present, past, and potential welfare recipients who need child care in order to undertake or continue employment or training, and arranging for care in facilities providing hours of child care sufficient to meet the child care needs of children whose mothers are employed full time.

To provide the Corporation with initial working capital, the Secretary of the Treasury would be required to lend it one-half billion dollars, to be placed in a revolving fund. With these funds, the Corporation would begin arranging for day care services. Initially, it would contract with existing public, nonprofit private, or proprietary facilities providing child care services, but it could also provide child care services directly in its own facilities. In addition, it would provide technical assistance and advice to groups and organizations interested in setting up day care facilities under contractual relationship with the Corporation.

Under the bill, the Corporation would charge fees for all child care services provided or arranged for; these fees would go into the revolving fund to provide capital for further expansion of child care services and to repay the Treasury loan. The fees would be set at a reasonable level so that parents desiring to purchase child care can afford them; but the fees would have to be high enough to fully cover the Corporation's costs in arranging for the care. Fees would represent the major source of income to the Corporation.

If after its first two years the Corporation needed additional funds for capital investment in new child care facilities or the remodeling of old ones, it would be authorized to issue bonds backed by its future fee collections. Up to $50 million in bonds could be issued each year, with an overall limit of $250 million on bonds outstanding.

The bill would set Federal standards requiring child care facilities to have adequate space, adequate staffing and adequate health requirements. Parents would have to be provided an opportunity to meet and consult with the staff concerning their child's development, and an opportunity to observe their child while he is receiving care. To assure the physical safety of children, the bill would require facilities to meet the Life Safety Code of the National Fire Protection Association. One of the major administrative tasks of the Association would be the annual monitoring of child care facilities to insure that they meet the Federal Standards. The Federal Standards would be the only ones applicable to child care arranged for through the Corporation.

CHART 10

Federal Child Care Corporation

- Goal to arrange for making child care available with first priority to:
  - –past, present, and potential welfare recipients needing child care to work or take employment training, and
  - –other mothers working full time
- Corporation contracts with existing facilities, provides assistance to groups interested in establishing facilities, provides child care directly only if others are unable to
- 3 sources of funds for Corporation:
  - –$500 mil. Treasury loan for working capital
  - –Fees (major funding source for Corporation, must cover full costs)
  - –Revenue bonds for capital costs
- Federal standards specified, only ones applicable to child care arranged for through Corporation; annual monitoring required
- Corporation is a mechanism for expanding the availability of child care, is not a source of subsidization of child care costs

Chart 11.—Child Care Provisions of H.R. 1

It is expected that most child care provided under H.R. 1 would be for mothers in the Opportunities For Families (OFF) Program. The House Report on the bill states (page 166) that "the work requirement and manpower services program will succeed or fail, depending on whether sufficient child care opportunities can be created." H.R. 1 centers the responsibility for providing child care services to mothers in work or training on the Secretary of Labor; the House Report states its intention that whenever possible he would use facilities developed by the Department of Health, Education and Welfare. However, when such facilities are not available, it would be the responsibility of the Secretary of Labor to secure child care through other sources.

The Secretary of Health, Education and Welfare would have the primary responsibility for child care planning, technical assistance, facility construction and renovation grants, initial operating grants for child care facilities, setting child care standards (with the concurrence of the Department of Labor) and maintaining quality control, and providing child care to vocational rehabilitation participants.

The Federal government could pay up to 100 percent of child care costs for welfare recipients. $700 million would be authorized for fiscal year 1973, an amount estimated to provide child care for 875,000 children. In addition, $50 million would be authorized annually for alteration, remodeling and construction grants to create new child care facilities.

Both the Secretary of Health, Education, and Welfare and the Secretary of Labor could charge parents fees, related to family income, to pay for part or all of the cost of care.

As under current law, child care costs could be considered a necessary work expense and thus deducted from income for welfare benefit purposes, in effect reimbursing a mother through the welfare payment for the cost of child care.

The House Report anticipates that the $700 million authorized for child care costs would be used primarily to pay for child care when the mother is training, while the earnings disregard provision would be used when the mother is working. In other words, once a mother has a job she would be required to pay for her child care out of her earnings, if her earnings are substantial enough, and then get credit for the expenditures by deducting the cost from the earnings which would otherwise be used to reduce welfare benefits.

H.R. 1 also contains a provision increasing the limit on the child care tax deduction from $600 to $750 for one child, $900 to $1,125 for two children, and $900 to $1,500 for three or more children. The limit on income of families that may take the deduction would be increased from $6,000 to $12,000.

CHART 11

Child Care Provisions of H. R. 1

- Secretary of Labor responsible for providing ch care for mothers in work and training under the O program; he is to obtain them in facilities develope by HEW where available
- Secretary of HEW responsible for child care plann technical assistance, facilities construction and operation grants, standard setting, and provision child care to vocational rehabilitation participants
- 100% Federal funds for child care costs; $700 milli authorized for first year (provides for 875,000 children), intended primarily for mothers in training
- $50 million authorized annually for construction and renovation grants
- Family may be required to pay part or all of cost child care provided, depending on ability to pay
- Working mothers expected to arrange their own child care; expenses may be deducted from incom in determining amount of welfare payment
- Limit on child care tax deduction increased from $600 to $750 for 1 child, from $900 to $1,125 for 2 children, and from $900 to $1,500 for 3 or mo children; limit on income of families that may ta the deduction increased from $6,000 to $12,000

Appendix C

Key Differences between H.R. 10351 and S. 2007

Bulletin, 5 October, 1971. Day Care and Child Development Council of America, Inc.

Key Differences between H.R. 10351 and S. 2007

1. Authorization. H.R. 10351, Economic Opportunity Amendments (formerly the Brademas bill, H.R. 6748), as passed by the House on September 30, calls for "such sums as may be necessary." The Administration has supported a program consolidation involving no new appropriations beyond those presently made for Head Start, Title IV-A and those proposed in H.R. 1.

S. 2007, Economic Opportunity Amendments of 1971 (formerly the Mondale bill, S. 1512), passed by the Senate on September 9, provides for $2 billion in the first operational year, fiscal year 1973.

The $2 billion is deemed "far short of the sum needed to provide child care Sercices universally as a public, social utility on a par with other essential services . . .," and objects even more vigorously to lower appropriations mentioned in House debate.

2. Eligibility for Free Services. S. 2007 lays the framework for universally available services. Central to the goal of achieving class integration at the preschool level is S. 2007's provision for free services for families below the income levels specified by the Bureau of Labor Statistics as the lower budget. Most recent figures--from spring 1970--peg this standard at $6,960 for an urban family of four.

H.R. 10351, as passed by the House, limits eligibility for free services to $4,350, the "break-even" figure in H.R. 1, the Welfare Reform bill. It thus ties eligibility for free child care services to welfare eligibility.

3. Head Start Sponsor Protection. Within the structure of the present H.R. 10351, Head Start program sponsors may be terminated without a recommendation from Local Policy Councils and a hearing before the Child Development Council, contrary to provisions of S. 2007.

In addition, S. 2007 earmarks $500 million for continuation of Head Start programs.

4. Project Policy Committees. Absent from H.R. 10351, and present in S. 2007, is provision for Project Policy Committees with approval responsibility over basic goals, policies, and procedures for the project applicant, including policies respecting planning, personnel, budgeting, location of centers and facilities, and evaluation of projects.

The House bill again renders its Local Policy Councils advisory, and there is thus in the House bill only minimal, non-decisive parental policy involvement in planning, implementation, evaluation and personnel policies.

5. Prime Sponsor Eligibility. H.R. 10351 specifies that communities of 10,000 or more population are eligible to be Prime Sponsors of child care programs. S. 2007 grants preference to localities or combinations of localities if they have the capacity to: (1) spend no more than 5 percent of their total allotment for administrative overhead; and (2) arrange linkages with appropriate health, education, and social service programs.

6. Child Advocacy Projects. S. 2007 earmarks monies for demonstration Child Advocacy Projects. The objective is to provide a needed voice on behalf of children at the neighborhood level. This provision is absent from H.R. 10351.

7. Standards. S. 2007 provides for the development of new federal standards to prevail in federally funded programs. Such new standards are mandated here to be no weaker than the 1968 Federal Interagency Day Care Standards.

H.R. 10351 provides that standards shall be established by the HEW Secretary. Discussion on the House floor indicates that standards to be established under the House bill language will not necessarily apply to programs funded under H.R. 1 nor for programs funded through Title IV-A of the Social Security Act.

Appendix D

Administration's Complete Description of H.R. 1

Attachment to statement of the Secretary of DHEW before the Senate Committee on Finance. 22 September, 1971.

Purpose:

H.R. 1

The purpose of the Comprehensive Child Development Act would be to 1) consolidate and coordinate federal day care and child development programs; 2) assist in the development of a primary system for the delivery of day care and child development services under such programs; and 3) establish two principal targets for the provision of services under such programs: (a) the provision of day care services for children of low-income working families and (b) the provision of child development services for children regardless of the work status of their parents, to the extent permitted by budgetary resources and with priority to economically disadvantaged children.

Funding:

Funds authorized under this Act would be expended primarily for the purpose of (b) above; funds authorized under other acts would be expended primarily for the purpose of (a) above. Funds authorized under this Act would not exceed the amounts already budgeted for Head Start and other Economic Opportunity Act child development and day care programs.

Relationship to Other Legislation:

The Head Start and other child development and day care authorities under the Economic Opportunity Act would be repealed and re-enacted for the purpose of (b) above. The other federal authorities, such as the pending H.R. 1 day care legislation and the existing Title IV Social Security Act day care authority, would be cross-referenced in general language to indicate that services made available under this Act may be purchased with funds provided under the referenced authorities.

Primary Day Care and Child Development System:

The legislation would establish a system of prime sponsors at State and local levels, as a primary vehicle for Federal funding of day care and child development services which may be used for category (a) above and which shall be used for (b) above. The Federal role under all day care authorities would be the provision to such sponsors of:

(a) planning grants; grants, contracts and technical assistance for resource creation (construction, renovation, and training); and for no longer than a 24-month period (with the same exceptions as provided under H.R. 1 day care) for initial operating expenses;

(b) funds through vendor payments, under other Federal authorities, and to the extent appropriate under this authority primarily for other operating and capital expenses; and

(c) where necessary and to the extent that budgetary limits permit, funds through grants, contracts and technical assistance for other operating and capital expenses.

Eligible Individuals:

Within the populations described above, "children" would be defined as between the ages of 0 to 14 years of age, with priority to economically disadvantage and pre-school children (to the extent consistent with the purposes and provisions of H.R. 1). "Economically disadvantage children" would be defined as children from Indian and migrant families and families whose annual income is below the H.R. 1 breakeven point.

Children from families above the H.R. 1 breakeven point would be eligible to receive services on a fee basis with the fees on a sliding scale related to income.

Prime Sponsors: The prime sponsor would be the unit of General Purpose Government eligible to receive Federal funds to plan and operate or provide for the operation of child development programs under the bill. The prime sponsor will, typically, designate a government agency which will carry out the purpose of this Act in the area to be served.

While the prime sponsor mechanism would be mandated for category (b) above, it would also be available for category (a) above (planning, resource creation, and administration of child care programs in response to needs identified by DOL to support H.R. 1) and for the provision of child care under Titles IV A & B, SSA. When the prime sponsor mechanism is utilized for (a) above, special procedures would be utilized for compliance with H.R. 1, as noted under the Grant Applications section.

To be recognized by DHEW as a prime sponsor, the applicant must describe the area to be served, the proposed method of establishing a Child Development Council (discussed below), and the proposed composition of that Council. The application for designation may accompany either: a) an application for a planning grant; or b) a request for Federal funds pursuant to a prime sponsor plan.

Eligible prime sponsors of a Comprehensive Child Development Program would be:

(a) Any State

Where the State is the prime sponsor it has the option of administering the program directly or delegating operation to local organizations.

(b) Any City with a Population of 500,000 or more

For cities with a population of 500,000 or more an option for self-designation as prime sponsor is available if the chief elected official requests such a designation through the Governor. The Governor would have the opportunity to review and comment on the local application and plan, but he could disapprove it only if he found the provisions of the city's application or plan to be inconsistent with Federal law. The city involved would then be able to take an appeal to the Secretary. In the case of local self-designation, it would be up to the State and the chief elected local official involved to determine who will pay the non-Federal share, except that if the State had delegated operation of the program to other local jurisdictions (such as a region, for example) it would have to make the same proportionate contribution of non-Federal funds to the self-designated city as it had to other local jurisdictions.

(c) Any Federally recognized Indian Reservation.

Child Development Councils:

Each prime sponsor would operate in conjunction with a Child Development Council. Such council would be appointed by the chief elected official of the prime sponsor jurisdiction, with 25% of the council made up of parents representative of the population served. Parents would be defined as those whose children are presently in a child development program or whose children have participated in such a program within the five years immediately preceding their selection for membership on the Council. The Council would be broadly representative of the unit or units of government, the public and private health, education, welfare, employment training, and parent and child service agencies in the prime sponsorship area.

Functions: The Child Development Council would work with the chief elected official or lead agency of the prime sponsor to insure integrated delivery of services to children and their families by coordinating the planning of services provided under this and other authorities assisting children and their families. The Council would help develop both prime sponsor plans and project applications for child development programs. The Council would also review such plans or applications but would not have veto power. It would, or course, have the opportunity to make its comments public.

Functions of General Purpose Government/Operating Agencies:

The major responsibilities of General Purpose Government/Operating Agencies would be as follows:

a. to establish the CDC
b. to develop the prime sponsor plan in consultation with the CDC
c. to finally approve the prime sponsor plans
d. to designate the operating agency
e. to monitor and evaluate the programs
f. to insure that the prime sponsor plans would facilitate service integration

Grant Application:

The prime sponsor plan would include an overall summary of the program to be administered by the State agency and sub-unit plans if any exist. A detailed description would be required only for such aspects of the program that are funded by Federal monies. This detailed description would include an acceptable intra-State allocation of the Federal funds to be used.

For those funds to be expended for the purpose of meeting H.R. 1 objectives, the language and regulations of H.R. 1 would pertain. For those funds authorized under this Act, the prime sponsor plan would include two parts:

Part 1: Short form assurances that the prime sponsor would comply with statutory requirements, which serves as the legal base for enforcement. One of the major assurances the prime sponsor would have to make is that the operating agency would take all necessary steps to insure coordinated planning and administration of programs funded under this Act and coordination with other programs serving children.

Part 2: An operating plan, which among other things identifies child development needs, describes the purposes for which the funds would be used, and states the output criteria upon which the programs would be evaluated. The extent to which these plans would be subject to HEW approval would be as minimal as possible, except to ensure that they contain the categories of information and data required. This follows the approach taken last year in the proposed Social Services, Title XX legislation and recognizes that our major purpose would be to encourage careful planning but not to dictate adherence to specific criteria for operation of programs.

Project Applicants:

Prime sponsors would provide assistance by grant, loan or contract to any public or private group for projects outlined by the comprehensive child development plan. Among those agencies eligible for funding would be single-purpose Head Start agencies, community development corporations, local

education agencies, Indian organizations, labor unions, business organizations, employee and labor unions, business organizations, or labor-management organizations.

Payments:

Federal matching would be at a rate of 80% for the child development programs, except the Secretary may increase the Federal share when deemed necessary to meet the needs of economically disadvantaged children. In the case of programs serving Indians and Migrants, the Federal government would pay 100% of the program costs.

Grant Administration:

All funds authorized under this bill would be allocated directly to prime sponsors.

Under H.R. 1, regardless of whether the prime sponsor mechanism would be utilized for child care services, funds for construction or renovation would be administered directly by DHEW.

When the prime sponsor mechanism is employed in support of H.R. 1 day care, start-up grants (not to exceed 24 months) and operating expenses (for programs under special circumstances as specified in H.R. 1) would be allocated to prime sponsors. Vendor payment funds would be administered through the Department of Labor.

DIRECT DHEW RESPONSIBILITIES:

Facilities:

The legislation would authorize the Secretary of HEW to provide construction grants and contracts covering a new child development facility, including equipment. However, DHEW recommends no new funds for this purpose at present.

Training:

The legislation would authorize grants for training of professional and non-professional personnel for projects under this Act. Further, the Secretary would be authorized to award grants to individuals employed in child development programs and to programs for inservice training. These funds would come from requested Head Start authorizations and savings from the movement of H.R. 1 eligible children to day care funded through that source.

Federal Government Child Development Programs:

This Act would not authorize the funding of child development programs for Federal employees.

Evaluation and Technical Assistance:

The Secretary would be required, within 18 months, to make evaluations enumerating and describing Federal activities affecting child development, and to make recommendations to Congress. Further, the bill would require that the Secretary make technical assistance available to prime sponsors and project applicants or operators.

DHEW Center for Child Development and Evaluation:

This legislation would give DHEW authority for research and demonstration grants or contracts to public or private groups for: a) testing methods for delivering day care, child development and other children's services; b) for developing innovative approaches for working with children; c) for developing child advocacy programs; and d) developing programs for training youth in parenting. Further, the legislation would establish a Child Development Research Council in DHEW representing various Federal agencies, for the purpose of coordinating child development research efforts. Funds to support this effort would come from Headstart and other existing research authorities.

Federal Standards and Uniform Code for Facilities:

The Secretary would not promulgate standards or specifications concerning the educational curricula to be employed in day care or child development programs. However, the legislation would provide that the Secretary would promulgate Federal standards pertaining to the group care of children of different age groups where Federal funds are involved. These standards would be known as the Revised Federal Interagency Day Care Requirements, which the Administration has repeatedly testified will govern day care under H.R. 1.

A draft of these requirements would be made available to state and local officials, private day care providers, and consumers for review and comment prior to final publication and application of the standards to Federally-funded day care programs.

The legislation would also provide that the Secretary appoint an advisory committee to develop a uniform code for facilities which would be applicable to Federally-financed child development programs. (Such standards are now being developed in support of H.R. 1.)

Repeal, Consolidation and Coordination:

Effective July 1973, the following statutes would be amended to repeal authority to operate day care programs:

Section 222 (a) (1) Economic Opportunity Act - Head Start
Section V-B, Economic Opportunity Act

Further, the Secretary would be required: a) to coordinate Title I, ESEA and Follow Through programs with the programs authorized under this Act; b) to insure that joint technical assistance efforts between OCD and OE are established.

The Secretary would prescribe regulations and make arrangements as necessary to insure that suitable child development programs under this Act would be available to children receiving aid or services under Titles IV-A and B of the Social Security Act.